

**MORATORIUM OF ENROLLMENT OF
DURABLE MEDICAL EQUIPMENT PROVIDERS LOCATED OUTSIDE OF
CALIFORNIA AND IN LOS ANGELES, ORANGE, RIVERSIDE, AND
SAN BERNARDINO COUNTIES
August 2008**

In accordance with Section 14043.55 of the California Welfare and Institutions Code, I, Sandra Shewry, Director of the Department of Health Care Services, Health and Human Services Agency, State of California, am implementing for 180 days, a moratorium (1) on the enrollment of Durable Medical Equipment (DME) providers in the Medi-Cal program, located outside of California and in the California counties of Los Angeles, Orange, Riverside, and San Bernardino and (2) on the change or expansion of provider of service categories by a DME provider, located outside of California and in the California counties of Los Angeles, Orange, Riverside, and San Bernardino allowed to enroll in the Medi-Cal program after October 12, 1999.

Upon my approval of this moratorium, the DME moratorium dated February 5, 2008, will be replaced by this moratorium. This new moratorium will expire February 17, 2009.

This moratorium does not apply to:

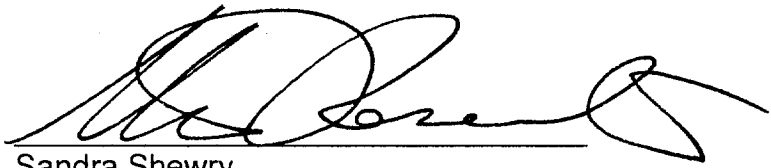
- 1) DME applicants who for the purpose of the Medi-Cal Program choose to be enrolled exclusively for medically necessary lactation aids and shall only be reimbursed for items mentioned in the Medi-Cal Provider Manual for Lactation Management Aids [found in *Durable Medical Equipment (DME): Bill for DME (dura bil dme)*].

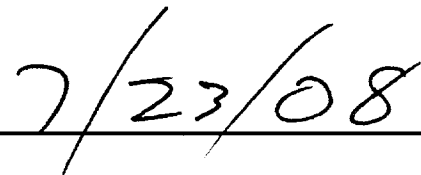
- 2) DME applicants who for the purpose of the Medi-Cal Program choose to be enrolled exclusively as Customized Wheelchair DME (CWDME) providers and/or Oxygen and Respiratory Equipment DME (OREDME) providers.
 - a) CWDME providers shall sell, service and/or repair customized wheelchairs as medically necessary for Medi-Cal beneficiaries. An enrolled CWDME provider shall only be reimbursed for items authorized in the Medi-Cal Provider Manual for wheelchairs, modifications and accessories.
 - b) OREDME providers shall sell, service and/or repair Oxygen and Respiratory Equipment. An enrolled provider shall only be reimbursed for items authorized in the Medi-Cal Provider Manual, under the Oxygen and Respiratory Equipment Group and deemed medically necessary for Medi-Cal beneficiaries.
- 3) Current Medi-Cal enrolled DME providers seeking to add a new business location so long as a provider enrolled in the program after October 12, 1999, is not adding new business activities, categories of service or billing codes other than those approved for enrollment at its existing location and the new business location is in the same county as the previous location;
- 4) Applicants who will be enrolled solely for reimbursement for Medicare cost sharing amounts;
- 5) An application that is submitted because an existing Medi-Cal enrolled DME provider, which is part of a group of affiliated corporations (as defined by Cal. Corporations Code, Section 150), is transferring its assets to another affiliated corporation that is a part of the same group of affiliated corporations;

- 6) An application that is submitted because an existing Medi-Cal enrolled DME provider, who is an individual operating as an unincorporated sole proprietorship, has incorporated that sole proprietorship, with all of the existing issued shares of the new corporation being owned by that individual who is also the president of the new corporation;
- 7) An application that is submitted because there has been a cumulative change of 50 percent or more in the person(s) with an ownership or control interest in an existing Medi-Cal enrolled DME provider provided that the change only consists of a reorganization or consolidation among existing person(s) previously identified in the last complete application package that was approved for enrollment as having an ownership interest in the provider totaling 5 percent or greater;
- 8) Applications submitted pursuant to California Code of Regulations, Title 22, Section 51000.55 or Section 51006, Subparts (a)(1), (a)(2), (a)(3) or (a)(5);
- 9) Applications submitted pursuant to California Code of Regulations, Title 22, Section 51000.30(b)(3) provided that there is no change in the person(s) previously identified in the last complete application package that was approved for enrollment as having a control or ownership interest in the provider totaling 5 percent or greater;
- 10) Applications submitted pursuant to California Code of Regulations, Title 22, Section 51000.30(a) only because an existing Medi-Cal enrolled DME provider has changed its location; or,

- 11) Applicants that are the only person or entity in the United States that provides specific product or service that is a Medi-Cal covered benefit.

This moratorium is necessary to safeguard public funds and to maintain the fiscal integrity of the Medi-Cal program.


Sandra Shewry
Director
Department of Health Care Services
Health and Human Services Agency
State of California


Date